



**STATEMENT ON BEHALF OF THE GROUP OF 77 AND CHINA BY MR. IMTIAZ HUSSAIN, PERMANENT MISSION OF THE ISLAMIC REPUBLIC OF PAKISTAN TO THE UNITED NATIONS, ON AGENDA ITEM 115: FINANCIAL REPORTS AND REPORTS OF THE BOARD OF AUDITORS (New York, 9 May 2007)**

Mr. Chairman,

I have the honour to speak on behalf of the Group of 77 and China on Agenda Item 115: Financial Reports and Reports of Board of Auditors.

2. Mr. Chairman, we would like to thank Mr. Jonathan Childerley, Chief Oversight Support Unit Office of the Under-Secretary-General for Management, for introducing the Secretary-General's report A/61/811, Mr. Pierre Brouder, Director of External Audit of France and Chairman of the Audit Operations Committee of the Board of Auditors, for introducing the Board's report A/61/5 (Vol. II), and Mr. Rajat Saha, Chairman of ACABQ, for introducing the Committee's report A/61/866.
3. The Group of 77 and China attaches great importance to the work of the Board of Auditors. We note with satisfaction that the Board has, through its unqualified audit opinion, covered almost every aspect of the United Nations peacekeeping operations for the financial period ended 30th June 2006, with a number of findings on key issues. The Board has also made several pertinent recommendations which deserve our categorical support for expedited implementation by the Administration. The Board's report enables the Member States to evaluate the UN peacekeeping operations from a financial point of view. We commend the Board for their diligence and professionalism.
4. The Group of 77 & China concurs with the findings and recommendations of the Board and the Advisory Committee on many important issues related to the UN peacekeeping operations. The Group notes the ageing of the Board's 72 previous recommendations that have not been fully implemented and reiterates that the responsibility for implementing the recommendations of the Board in a timely manner falls with the Administration.
5. The Group expresses its concern that the outstanding assessed contributions older than 12 months for peacekeeping operations amounted to \$706.3 million of the total outstanding assessed contributions for peacekeeping operations of \$1.27 billion. We note that the Administration has regularly provided the Member States with information on the outstanding assessments and urged prompt settlement. We appeal to all those Member States which have not yet done so to pay their assessed contributions on time, in full and without any condition.
6. The Group of 77 & China takes cognizance of the fact that the saving on or cancellation of prior-period obligations had gone up to \$304.2 million, an increase of 81.3 per cent over the amount of \$167.8 million for the preceding period. We share the Board's view that significant cancellation of prior-period obligations indicate a requirement for better budget planning and administration, and that reasons should be assessed for the increase so as to avoid over-budgeting in the future.
7. Turning to the important issue of procurement and contract management, the Group notes that the Board has reiterated a number of its previous recommendations. We continue to be deeply

concerned with the issue of increasing opportunities in UN procurement for vendors from developing countries and countries with economies in transition. In that context, Board's observation that although 83 percent of the operational expenditure has been incurred by missions in Africa, 56 percent and 20 percent of the contracts value have been allocated to vendors in the European and American region, is disconcerting. Besides the issue of greater procurement from developing countries, we would also be closely monitoring the measures, undertaken or proposed to be undertaken, by the Administration on issues such as vendor registration, vendor performance evaluation, performance bonds, procurement planning, delegation of authority, vacancy rates for procurement staff and the practice of *ex post facto* submission for approval of procurement contract awards. We hope that the Administration would comply with the guidelines of the Procurement Manual and ensure proper procurement and contract management.

8. Safe and well managed transportation is an important guarantee for efficient and effective peacekeeping operations as well as the safety and welfare of the peacekeepers. In this regard, the Group is concerned with the gap between budgeted and actual expenditures and flight hours for air operations. We are equally concerned with the low rate of on-site aviation quality inspection for the registered air carriers that have contracts with the United Nations, shortage of aviation staffing and unsatisfactory aviation performance evaluation reports. We call for an expedited study on how the new costing structure of air operations had resulted in savings and reflected current commercial practices. We hope that effective and timely measures will be taken in these matters.

9. The Group of 77 & China is of the view that successful peacekeeping operations require effective coordination both on inter-mission cooperation as well as at regional levels. We would like to see the expedited implementation of regional coordination plans aligned to the missions' objectives.

10. The Peacekeeping Support account is another area of concern for the Group. We are distressed by the Board's observation that some activities in the workplans for support account posts have not been stated in a manner to facilitate the identification of their relation to peacekeeping operations and this poses difficulties for determining whether posts under the support account have been used and continue to be used for the intended purpose of backstopping peacekeeping operations. While bearing in mind the fact the Department of Peacekeeping Operations is under restructuring, we look forward to the result of the Secretary-General's comprehensive analysis of the evolution of the support account.

Mr. Chairman,

11. The Group of 77 and China would like to assure you and the other delegations of its readiness to work in a constructive approach in the negotiations on this important agenda item.

I thank you Mr. Chairman.